STATE OF IOWA FACILITIES IMPROVEMENT CORPORATION

The SIFIC Operating Strategy

SIFIC is a full-service program designed to implement energy efficiency projects in state facilities. Through project identification and analysis, financing arrangements, construction management, and monitoring of energy savings, SIFIC fills a critical need in state government. SIFIC staff market energy efficiency to state facilities by first demonstrating how energy efficiency improvements pay for themselves through energy savings. Working with facility operators and managers, SIFIC staff create a list of potential projects based on the condition of major energy consuming equipment and the operational needs of the facility. The prospective client is then walked through the process from start to finish, and all program requirements, services, and associated fees are clearly communicated.

A typical timeline from the signing of a Memorandum of Agreement (MOA) to implementation of improvements is eighteen (18) to thirty (30) months. Below is a step-by-step description of how the program works.

1. SIFIC staff market the program to facility management staff and a list of potential projects is identified.
2. SIFIC staff present the potential project(s) to the agency decision makers; an MOA is signed to initiate the project(s); DGS' Design & Construction Team is notified of the MOA if the agency is under DGS's purview; and the State Senator and Representative's offices for the district in which the building(s) are located are notified.
3. A comprehensive engineering analysis of the facility is completed by SIFIC's contracted engineering firm, depending on the complexity of the facility and potential project(s). This analysis addresses the facility-generated list of projects and any additional projects identified by the engineers, and SIFIC provides a short-term, interest-free loan to pay the cost of the study.
4. The completed engineering analysis is reviewed by SIFIC's in-house engineering staff for accuracy and appropriateness to the facility.
5. The final, approved analysis is presented to facility and agency management staff to determine the final list of projects, based on cost-effectiveness and appropriateness to the facility. There is no "cap" on the dollar amount that may be financed so long as the individual improvements are "cost-effective" and the aggregate simple payback of all improvements doesn't exceed 12 years.
6. SIFIC's contracted engineering firm prepares design/bid specifications for the projects, and the bids are advertised/let; the cost for the design/bid specification work is included in SIFIC's short-term, interest-free loan, ensuring that the agency incurs no up-front costs to complete the project(s). While the engineering firm is completing this phase, SIFIC staff file Legislative Fiscal Bureau Notification paperwork for projects that exceed $50,000, and work with SIFIC's financial and legal consultants to arrange the lease-purchase financing package.
7. Bids for the project(s) are received, and lease-purchase financing is completed.
8. After the lease is closed, all fees for SIFIC and SIFIC's consultants are paid, and the interest-free loan is repaid with the proceeds of the lease.
9. Construction begins and is monitored while in progress by SIFIC staff.
10. After construction is complete and energy cost savings begin to accrue, the agency will start to make lease payments to repay implementation costs; lease payments must start within eighteen (18) months of lease closing.
11. Once the lease is retired, the energy-cost savings are available to the state for other priorities.

For new construction:
The SIFIC program steps for new construction are the same, except that projects are identified through a life cycle cost analysis (LCCA), and the amount to be financed through the program is determined by the "incremental" cost difference between the system(s) with the lowest life cycle cost and the system(s) with the lowest "first" cost.

Cornerstones:
The cornerstones of the SIFIC program are technical integrity and cash flow neutrality. SIFIC's engineering firm was selected on a competitive basis from a pool of ten (10) engineering firms that responded to SIFIC's request for qualifications (RFQ). All of SIFIC's analyses, recommendations, and specifications are thoroughly reviewed by SIFIC engineers to ensure technical integrity.

SIFIC provides interest-free loans from its Capital Fund to cover the costs of the engineering analyses and design/bid specification work, which are then rolled into the lease-purchase financing for the project. The lease payments are structured so that the energy savings are equal to, or greater than, actual payments. This strategy results in the implementation of energy management and infrastructure improvements at state facilities with no up-front costs to the facility, and a neutral, or positive, impact to the facility's operating budget.

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